



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Somerville School District
Universal Service Administrative Company
Federal Communications Commission:

We have examined management's assertions, included in the accompanying Report of Management on Compliance with Applicable Requirements of Title 47 of the Code of Federal Regulations Part 54 of the Federal Communications Commission's Rules and Regulations and Related Orders, that Somerville School District (Beneficiary or Somerville School District) (Beneficiary Number 120536) complied with the Federal Communications Commission's (FCC) Title 47 of the Code of Federal Regulations (C.F.R.) Part 54 Rules and Regulations, as amended, and related FCC Orders identified in the accompanying Attachment I related to disbursements of \$355,379 for telecommunication and Internet access services made from the Universal Service Fund during the fiscal year ended June 30, 2007, and relative to its applications and service provider selection processes for Funding Year 2006. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Somerville School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and, accordingly, included examining, on a test basis, evidence about Somerville School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Somerville School District's compliance with specified requirements.

In our opinion, management's assertions that Somerville School District complied with the aforementioned requirements relative to disbursements of \$355,379 for telecommunication and Internet access services made from the Universal Service Fund during the fiscal year ended June 30, 2007, and relative to its applications and service provider selection processes for Funding Year 2006 are fairly stated, in all material respects, based on the criteria set forth in Attachment I.



In accordance with *Government Auditing Standards*, we also noted certain immaterial instances of noncompliance or other internal control matters that we have reported to the management of Somerville School District, the Universal Service Administrative Company and the Federal Communications Commission in a separate letter dated July 15, 2008. This communication is intended solely for the information and use of Somerville School District's management, the Universal Service Administrative Company and the Federal Communications Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Grant Thornton LLP

Charlotte, North Carolina
July 15, 2008

Somerville School District
Universal Service Administrative Company
Federal Communications Commission

Attachment I

Federal Communications Commission's Title 47 C.F.R. Part 54 Rules and
Regulations and Related FCC Orders with which Compliance was Examined

Document Retention Matters

- § 54.504 (c)(1)(x), which was effective as of October 13, 2004
- § 54.516 (a), which was effective from July 17, 1997, through October 12, 2004
- § 54.516 (a)(1), which was effective as of October 13, 2004

Application Matters

- § 54.501 (b), as revised, which was originally effective as of July 17, 1997
- § 54.504 (b)(1), as revised, which was originally effective as of July 17, 1997
- § 54.504 (b)(2), which was effective as of July 17, 1997
- § 54.504 (b)(2)(i), which was effective as of October 13, 2004
- § 54.504 (b)(2)(iii), which was effective as of October 13, 2004
- § 54.504 (b)(2)(iv), which was effective as of October 13, 2004
- § 54.504 (b)(2)(vi), which was effective as of October 13, 2004
- § 54.504 (b)(2)(vii), which was effective from July 17, 1997, through October 12, 2004
- § 54.504 (c), which was effective as of February 12, 1998
- § 54.505 (b), which was effective as of July 17, 1997
- § 54.505 (c), as revised, which was originally effective as of July 17, 1997
- § 54.508 (a), which was effective as of October 13, 2004
- § 54.508 (c), which was effective as of October 13, 2004
- § 54.520 (c), which was effective as of April 20, 2001
- § 54.520 (c)(1)(i), which was effective as of April 20, 2001
- § 54.520 (c)(1)(ii), which was effective as of April 20, 2001

Somerville School District
Universal Service Administrative Company
Federal Communications Commission

Attachment I

Federal Communications Commission's Title 47 C.F.R. Part 54 Rules and
Regulations and Related FCC Orders with which Compliance was Examined (continued)

Service Provider Selection Matters

§ 54.504 (a), which was effective as of February 12, 1997

§ 54.504 (b)(4), which was effective as of January 1, 1999

§ 54.511 (a), which was effective as of July 21, 2003

FCC Order 00-167, paragraph 10, which was issued on May 23, 2000

FCC Order 03-313, paragraphs 39 and 56, which was issued on December 8, 2003, and was effective for
Funding Year 2005

Receipt of Services and Reimbursement Matters

§ 54.500 (b), which was effective as of July 21, 2003

§ 54.504, which was effective as of July 17, 1997

§ 54.504 (b)(2)(ii), which was effective as of February 12, 1998

§ 54.504 (b)(2)(iii), which was effective as of July 17, 1997

§ 54.504 (b)(2)(v), which was effective from July 17, 1997, through March 10, 2004

§ 54.504 (b)(2)(v), which was effective as of October 13, 2004

§ 54.504 (c)(1)(vii), which was effective as of October 13, 2004

§ 54.504 (f), which was effective as of March 11, 2004

§ 54.504 (g), which was effective as of March 11, 2004

§ 54.505 (a), which was effective as of July 17, 1997

§ 54.513 (c), which was effective as of March 11, 2004

§ 54.514 (b), as revised, which was originally effective as of July 21, 2003

§ 54.523, which was effective as of March 11, 2004

FCC Order 03-313, paragraph 60, which was issued on December 8, 2003

FCC Order 04-190, paragraph 24, which was issued on August 13, 2004

Internal Control and Immaterial
Noncompliance Letter

Somerville School District

SL-2007-069

As of June 30, 2007



July 15, 2008

Somerville School District
Universal Service Administrative Company
Federal Communications Commission:

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We have examined management's assertions about Somerville School District's (Beneficiary or Somerville School District) (Beneficiary Number 120536) compliance with the applicable requirements of the Federal Communications Commission's (FCC) Title 47 of the Code of Federal Regulations (C.F.R.) Part 54 Rules and Regulations, as amended, and related FCC Orders, related to disbursements of \$355,379 for telecommunication and Internet access services made from the Universal Service Fund during the fiscal year ended June 30, 2007, and the related Funding Year 2006 applications for funding and service provider selections and have issued our report thereon dated July 15, 2008.

Our responsibility, as prescribed by the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, is to plan and perform our examination to obtain sufficient evidence to provide a reasonable basis for the conclusion that is expressed in our report. Our examination includes consideration of internal control in order to determine our examination procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Beneficiary's internal control or to identify deficiencies in internal control. Accordingly, we express no such opinion on internal control effectiveness.

Because our consideration of internal control was for the limited purpose described above, our examination would not necessarily identify all control deficiencies, significant deficiencies or material weaknesses.

Definitions Related to Internal Control Deficiencies

A deficiency in internal control over compliance (control deficiency) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement on a timely basis. Control deficiencies may individually, or in combination, give rise to a significant deficiency or a material weakness.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects a beneficiary's ability to comply with the applicable requirements of the FCC's Title 47 C.F.R. § 54.500 through 54.523, as amended, and related FCC Orders such that there is more than a remote likelihood that a noncompliance with the aforementioned requirements that is more than inconsequential will not be prevented or detected by the beneficiary's internal controls. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that material noncompliance with the aforementioned requirements will not be prevented or detected by the beneficiary's internal controls.

Control Deficiencies and Immaterial Noncompliance Comments

We identified the following control deficiencies that are of a lesser magnitude than a material control weakness or significant deficiency. During our examination, we also noted certain matters involving immaterial noncompliance with the aforementioned requirements. Our comments related to improvement opportunities in the areas of internal control and compliance with the aforementioned requirements are summarized below:

Comment No: SL2007BE069_C01

Condition:	For services requested in Funding Year 2006, the Beneficiary submitted its FCC Form 471 referencing related FCC Form 470s from prior years. While a FCC Form 470 was completed for Funding Year 2006, FCC Form 471 #516381 was simply inaccurately prepared in this regard.
Criteria:	Per 47 C.F.R. § 54.504 (b), a new FCC Form 470 is required to be submitted each year.
Cause:	The Beneficiary misinterpreted the instructions and requirements of the FCC Form 470s and 471s.
Effect:	There is no monetary effect resulting from this matter as it relates solely to the accuracy of completion of the related FCC Form 470s and 471s.
Recommendation:	Grant Thornton recommends that the Beneficiary submit a new FCC Form 470 for each Funding Year and reference it to the FCC Form 471 submitted for that Funding Year.
Beneficiary Response:	<i>It is the practice of our consultant to tie subsequent FCC Form 471's to the initial FCC Form 470 that we considered formed the basis of a multiple year contract. However, we recognize that the related FCC Form 470's did not indicate that a multi-year contract was in place. We are open to examining the auditor's suggested practice and will ensure accuracy regarding preparation of the FCC Form 470 and FCC Form 471.</i>

Comment No: SL2007BE069_C02

Condition:	Somerville School District includes The Michael Capuno Early Childhood Center (Capuno Center). The Capuno Center serves both kindergarten and Pre-K students. The Capuno Center had a total enrollment of 366 for Funding Year 2006; approximately 63% of that enrollment was pre-k students. The Capuno Center receives services from and benefits from Universal Service Fund disbursements. No allocations were made to reduce amounts submitted for reimbursement for FCC Form 472s to Universal Service Administrative Company for the effect of the Pre-K students at the Capuno Center.
Criteria:	<p>Per 47 C.F.R. § 54.501 (b)(1), only schools meeting the statutory definitions of “elementary school”, as defined in Title 20 of the United States Code (U.S.C.) at 20 U.S.C. 7801 (18), or “secondary school”, as defined in 20 U.S.C. 7801 (38), and not otherwise excluded, shall be eligible for discounts on telecommunications and other supported services.</p> <p>Per page 6 of the FCC Form 471 Instructions, “Before applying the approved discount percentage to the amount in column 14 (total (undiscounted) amount of service per Funding Request Number (FRN)), you must deduct charges for any ineligible services, or for eligible services delivered for ineligible recipients or used for ineligible services.</p>
Cause:	The Beneficiary requested funding and received reimbursement for eligible charges related to ineligible recipients on invoices that related to eligible services.
Effect:	The Capuno Center benefited from funds that the school district received from the Universal Service Fund during the 2006 Funding Year for FRN #1421087 in the amount of \$352,800. However, disbursements were not specifically identified or billed to an individual school or location within the school district. The incremental effect of providing discounted service to this center – resulting from the fact that some of the students at the Capuno Center are Pre-K – is nominal. As a result, the monetary effect of this matter has not been quantified.
Recommendation:	We recommend that the Beneficiary monitor the number of Pre-K students at the Capuno Center to ensure that there is no incremental cost to provide discounted services to the Capuno Center, due to the number of Pre-K these students that reside there. If it is determined that there is an incremental cost resulting from the Pre-K students, then the Beneficiary needs to ensure that these costs are not submitted to the Universal Service Fund for reimbursement.

Beneficiary Response: *Although there are pre-k students at the Capuno School, there is no indication that the Long Distance Learning service has been accessed in the past by the pre-k students and teachers. However, we do not have a mechanism in place today that would preclude access for pre-k students and teachers. A plan has been formulated to reconfigure the school's network to block access to pre-k students and will be implemented by the new school year. As to the cost of the Long Distance Learning service, the monthly charges are calculated per location and not per student/computer/usage.*

The Beneficiary's written response to the control deficiencies identified herein has not been subjected to our examination procedures and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of Somerville School District's management, the Universal Service Administrative Company and the Federal Communications Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Grant Thornton LLP

From:

10/27/2008 21:35

#091 P.005/010

J. Suse
October '08
DLW
10/08

REPORT OF MANAGEMENT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF TITLE 47 OF THE CODE OF FEDERAL REGULATIONS PART 54 OF THE FEDERAL COMMUNICATIONS COMMISSION'S RULES AND REGULATIONS AND RELATED ORDERS

Management of Somerville School District (the "District") is responsible for ensuring the District's compliance with applicable requirements of 47 C.F.R. Sections 54.500 through 54.523 of the Federal Communications Commission's ("FCC") Rules and Regulations for Universal Service Support for Schools and Libraries, as amended, and related FCC Orders.

Management has performed an evaluation of the District's compliance with the applicable requirements of 47 C.F.R. Section 54.500 through 54.523, as amended, and related FCC Orders with respect to disbursements made from the Universal Service Fund during the period July 1, 2006 through June 30, 2007 on our behalf and the related Funding Year 2006 applications for funding and service provider selections related to the Funding Request Numbers ("FRNs") for which such disbursements were made. Based on this evaluation, we assert that, as of July 15, 2008, the District complied with all applicable requirements of 47 C.F.R. Sections 54.500 through 54.523, as amended, and related FCC Orders in all material respects.

The District used Midwest Internet Consulting Group, Inc. and Achieve Telecom Network of MA, LLC as its service providers relative to the FRNs for which disbursements were made during the period July 1, 2006 through June 30, 2007. In addition to providing the goods and/or services for which the disbursements were made relative to those FRNs, Midwest Internet Consulting Group, Inc. and Achieve Telecom Network of MA, LLC performed the following specific functions to qualify as a service provider for the Schools and Libraries Support Mechanism and on behalf of the District, as applicable:

- Preparation and submission of FCC Form 473, Service Provider Annual Certification Form
- Preparation and submission of FCC Forms 474, Service Provider Invoice
- Receipt of disbursements from the Universal Service Fund as requested by FCC Forms 472, Billed Entity Applicant Reimbursement, or FCC Forms 474, Service Provider Invoice
- Reimbursement to the District of disbursements from the Universal Service Fund as requested by FCC Forms 472, Billed Entity Applicant Reimbursement

The District has obtained and relied upon assurance from Midwest Internet Consulting Group, Inc. and Achieve Telecom Network of MA, LLC to verify that controls and procedures relating to these assertions have been established and maintained by Midwest Internet Consulting Group, Inc. and Achieve Telecom Network of MA, LLC in accordance with all applicable requirements of 47 C.F.R. Sections 54.500 through 54.523, as amended, and related FCC Orders.



CITY OF SOMERVILLE, MASSACHUSETTS
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JOSEPH A. CURTATONE
MAYOR

The District represents the following assertions per the FCC Rules and Regulations, as amended, and related FCC Orders (which are indicated as "applicable" and are identified herein with each assertion) with respect to disbursements made from the Universal Service Fund during the year ended June 30, 2007 on our behalf and the related Funding Year 2006 applications for funding and service provider selections related to the FRNs for which such disbursements were made:

A. Record Keeping - The District:

1. ☐ maintained for its purchases of telecommunications and other supported services at discounted rates the kind of procurement records that it maintains for other purchases. (Section 54.516 (a) which was effective from July 17, 1997 through October 12, 2004)
2. ☒ retained all documents, to date, related to the application for, receipt, and delivery of discounted telecommunications and other supported services, to date. Also, any other document that demonstrated compliance with the statutory or regulatory requirements for the schools and libraries mechanism was retained. (Sections 54.516 (a)(1) and 54.504 (c)(1)(x) which were effective as of October 13, 2004 and require a five-year retention period for such documents)
3. ☐ maintained, to date, asset and inventory records of equipment purchased as components of supported internal connections services sufficient to verify the actual location of such equipment. (Section 54.516 (a) which was applicable from March 11, 2004 to October 12, 2004 and Section 54.516 (a)(1) which was effective as of October 13, 2004, both of which require maintenance of such records for a period of five years after purchase)

B. Application Matters - The District:

1. ☒ requested discounts from the Universal Service Fund for telecommunications and other supported services only for schools that meet the statutory definition of elementary and secondary schools found under section 254(h) of the Communications Act of 1934, as amended in the No Child Left Behind Act of 2001, 20 U.S.C. 7801(18) and (38), do not operate as for-profit businesses, and do not have endowments exceeding \$50 million. (Section 54.504 (b)(2)(i) which was effective as of October 13, 2004 and superseded Section 54.504 (b)(2)(i) which was effective as of February 12, 1998; as well as Section 54.501 (b), as revised, which was originally effective as of July 17, 1997)
2. ☒ submitted a completed FCC Form 470, including the required certifications, signed by the person authorized to order telecommunications and other supported services. (Section 54.504 (b)(2), as revised, which was originally effective as of July 17, 1997)



CITY OF SOMERVILLE, MASSACHUSETTS
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JOSEPH A. CURTATONE
MAYOR

3. ☒ had the resources required to make use of the services requested, or such resources were budgeted for purchase for the current, next or other future academic years, at the time the FCC Form 470 was filed. (Section 54.504 (b)(1), as revised, which was originally effective as of July 17, 1997; and Section 54.504 (b)(2)(vi) which was effective as of October 13, 2004 and superseded Section 54.504 (b)(2)(v) which was effective as of July 17, 1997)
4. ☒ had a technology plan for using the services requested at the time of filing the FCC Form 470 that had been or would be approved by its state or other authorized body prior to the receipt of the requested services. (Sections 54.504 (b)(2)(iii) and (iv); as well as 54.508 (c) which were effective as of October 13, 2004)
5. ☒ the technology plan for using the services requested in the FCC Form 470 included the following elements: (Section 54.508 (a) which was effective as of October 13, 2004)
 - a) a statement of goals and a strategy for using telecommunications and information technology to improve education;
 - b) a professional development strategy to ensure that the staff understands how to use these new technologies to improve education;
 - c) an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education;
 - d) a budget sufficient to acquire and support the non-discounted elements of the plan: the hardware, software, professional development, and other services that will be needed to implement the strategy; and
 - e) an evaluation process that enables the school to monitor progress toward the specific goals and make mid-course corrections in response to new developments and opportunities as they arise.
6. ☐ had a technology plan that had been certified by its state, USAC or an independent entity approved by the FCC at the time of filing the FCC Form 470. (Sections 54.504 (b)(2)(vii) which was effective from July 17, 1997 to October 12, 2004)
7. ☒ accurately determined its level of poverty, for use in determining its available discount rate, by using the percentage of its student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism in the public school district in which they are located. (Section 54.505 (b) which was effective as of July 17, 1997)



CITY OF SOMERVILLE, MASSACHUSETTS
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MAYOR

8. ☒ accurately applied the approved discount matrix, with the correct consideration of urban or rural location, to its determined level of poverty to set its discount rate to be applied to eligible goods and/or services. (Section 54.505 (c), as revised, which was originally effective as of July 17, 1997)
9. ☒ submitted a completed FCC Form 471 only after signing a contract for eligible goods and/or services. (Section 54.504 (c) which was effective as of February 12, 1998)
10. ☒ requested, and funds were disbursed by the Universal Service Fund for, only eligible goods and services. (Sections 54.504 (b)(1) which was effective as of July 17, 1997 and 54.504 (c) which was effective as of February 12, 1998)
11. ☒ submitted a certification on FCC Form 486 that an Internet safety policy is being enforced and complied with the certification such that: (Section 54.520 (c) which was effective as of April 20, 2001)
 - a) it enforced a policy of Internet safety that includes monitoring the online activities of minors and the operation of a technology protection measure, with respect to any of its computers with Internet access, that protects against access through such computers to visual depictions that are obscene, child pornography or harmful to minors (Section 54.520 (c)(1)(i) which was effective as of April 20, 2001); and
 - b) its Internet safety policy addresses each of the following (Section 54.520 (c)(1)(ii) which was effective as of April 20, 2001):
 - i) access by minors to inappropriate matter on the Internet and World Wide Web;
 - ii) the safety and security of minors when using electronic mail, chat rooms, and other forms of direct electronic communications;
 - iii) unauthorized access, including so-called 'hacking', and other unlawful activities by minors online;
 - iv) unauthorized disclosure, use, and dissemination of personal identification information regarding minors; and
 - v) measures designed to restrict minors' access to materials harmful to minors.

C. Service Provider Selection Matters – The District:

1. ☒ made a request for competitive bids for all eligible goods and/or services for which Universal Service Fund support was requested and complied with applicable



CITY OF SOMERVILLE, MASSACHUSETTS
INFORMATION TECHNOLOGY
JOSEPH A. CURTATONE
MAYOR

state and local procurement processes included in its documented policies and procedures. (Section 54.504 (a) which was effective as of February 12, 1998, with clarification included in FCC Order 03-313, paragraphs 39 and 56, which was issued December 8, 2003 and was effective for Funding Year 2005)

2. ☒ waited at least four weeks after the posting date of the FCC Form 470 on the USAC Schools and Libraries website before making commitments with the selected service providers. (Section 54.504 (b)(4) which was effective as of January 1, 1999)
3. ☒ considered all bids submitted and selected the most cost-effective service offering, with price being the primary factor considered. (Section 54.511 (a) which was effective as of July 21, 2003)
4. ☐ considered all bids submitted and selected the most cost-effective service offering. (Section 54.511 (a) which was effective from July 17, 1997 through July 20, 2003)
5. ☒ did not surrender control of its competitive bidding process to a service provider that participated in that bidding process and did not include service provider contact information on its FCC Forms 470. (FCC Order 00-167, paragraph 10, which was issued on May 23, 2000)

D. Receipt of Services and Reimbursement Matters - The District:

1. ☒ applied its discount percentage to the appropriate pre-discount price. (Section 54.505 (a) which was effective as of July 17, 1997)
2. ☒ received reimbursement from its service provider for purchases for which it had paid full price to the service provider. (Section 54.514 (b), as revised, which was originally effective as of July 21, 2003 as confirmation of earlier administrative practices)
3. ☒ requested, and funds were disbursed by the Universal Service Fund, amounts related to service substitutions that provided the same functionality and were based on the lower of the pre-discount price of the service for which support was originally requested or the pre-discount price of the new, substituted service. (Section 54.504 (f) which was effective as of March 11, 2004 as confirmation of earlier administrative practices)
4. ☒ used the services requested solely for educational purposes. (Section 54.504 (b)(2)(v) which was effective as of October 13, 2004 and superseded Section 54.504 (b)(2)(ii) which was effective as of February 12, 1998; as well as Section 54.504 (c)(1)(vii) which was effective as of October 13, 2004, and Section 54.500 (b) which was effective as of July 21, 2003)



CITY OF SOMERVILLE, MASSACHUSETTS
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MAYOR

5. ☒ with respect to eligible services and equipment components purchased at a discount: (Section 54.504 (b)(2)(v) which was effective as of October 13, 2004 and superseded Section 54.504 (b)(2)(iii) which was effective July 17, 1997 and Section 54.513 (c) which was effective March 11, 2004)
- a) did not sell or resell such items for money or any other thing of value;
 - b) did not transfer such items, with or without consideration of money or any other thing of value, for a period of three years after purchase, or to date, other than in the event that such transfer was made to another eligible school or library in the event the particular location where the service was originally received was permanently or temporarily closed;
 - c) notified USAC of any such allowable transfer; and
 - d) maintained, as did the recipient, detailed records documenting the transfer and the reason for the transfer date.
6. ☒ paid all "non-discount" portions of requested goods and/or services. (Section 54.523 which was effective as of March 11, 2004; and was clarified in FCC Order 04-190, paragraph 24, which was issued August 13, 2004; as well as Section 54.504 (b)(2)(v) which was effective from July 17, 1997 through March 10, 2004)
7. ☒ allocated the costs of any contract that included both eligible and ineligible components to those eligible and ineligible components in the related request for discount. (Section 54.504, which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, which was issued on December 8, 2003, and codified in Section 54.504 (g) which was effective as of March 11, 2004)
8. ☒ deducted from the pre-discount cost of services, indicated in funding requests, the value of all price reductions, promotional offers and "free" products or services. (Section 54.504 which was effective as of July 17, 1997, with confirmation of earlier administrative practices included in FCC Order 03-313, paragraph 60, that confirmed earlier administrative practices, which was issued on December 8, 2003, and codified in Section 54.523 which was effective as of March 11, 2004)

July 15, 2008

A handwritten signature in black ink, appearing to read "Karthik Viswanathan", is written over a horizontal line.

Karthik Viswanathan, IT Director and CIO
City of Somerville

From:

10/27/2008 21:33

#091 P.002/010



CITY OF SOMERVILLE, MASSACHUSETTS
INFORMATION TECHNOLOGY
JOSEPH A. CURTATONE
MAYOR

JD
October '08
DLW
10/08

July 15, 2008

Grant Thornton LLP
201 South College Street, Suite 2500
Charlotte, NC 28244

Dear Sir or Madam:

We are providing this letter in connection with your examination of compliance by Somerville School District (Beneficiary) (Beneficiary Number 120536) with the applicable requirements of the Federal Communications Commission's (FCC) Title 47 of the Code of Federal Regulations (C.F.R.) Part 54 Rules and Regulations, as amended, and related FCC Orders related to disbursements of \$355,379 for telecommunication and Internet access services made from the Universal Service Fund during the fiscal year ended June 30, 2007, and relative to its application and service provider selection processes for Funding Year 2006, for the purpose of expressing an opinion on Somerville School District's compliance based with the aforementioned requirements. We also acknowledge our responsibility for establishing and maintaining effective internal control over compliance with the aforementioned requirements, including designing and implementing programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 15, 2008, the following representations made to you during your examination.

1. We are responsible for complying, and have complied, with the applicable requirements the Federal Communications Commission's Title 47 of the Code of Federal Regulations Part 54 Rules and Regulations, as amended, and related FCC Orders.



CITY OF SOMERVILLE, MASSACHUSETTS
INFORMATION TECHNOLOGY
JOSEPH A. CURTATONE
MAYOR

2. We are responsible for evaluating, monitoring and assessing the Beneficiary's compliance with the applicable requirements the Federal Communications Commission's Title 47 of the Code of Federal Regulations Part 54 Rules and Regulations, as amended, and related FCC Orders, and Universal Service Administrative Company (USAC) implementing procedures and informing you of any known noncompliance, whether intentional or unintentional. Beneficiary management is also responsible for informing you of any known violations of laws, regulations and contracts and any known or suspected fraud.
3. We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance that the Beneficiary complies with the aforementioned requirements, and informing you of any known deficiencies in, and changes in, such internal control.
4. We have made available to you all documents related to the application for, receipt, and delivery of discounted telecommunications and other supported services. We have also made available to you any other document that demonstrated compliance with the statutory or regulatory requirements for the schools and libraries mechanism.
5. There have been no communications, written or oral, from regulatory agencies or others concerning noncompliance with the aforementioned requirements.
6. We have disclosed to you all significant deficiencies and material weaknesses in the design or operation of internal control over compliance of which we are aware. We understand that a significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects a beneficiary's ability to comply with the applicable requirements of the FCC's Title 47 C.F.R. § 54.500 through 54.523, as amended, and related FCC Orders such that there is more than a remote likelihood that a noncompliance with the aforementioned requirements that is more than inconsequential will not be prevented or detected by the beneficiary's internal controls. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that material noncompliance with the aforementioned requirements will not be prevented or detected by the beneficiary's internal controls.
7. We have no knowledge of fraud or suspected fraud affecting the Beneficiary involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on compliance.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Beneficiary received in communications from employees, former employees, regulators or others.

From:

10/27/2008 21:35

#091 P.004/010



CITY OF SOMERVILLE, MASSACHUSETTS
INFORMATION TECHNOLOGY
JOSEPH A. CURTATONE
MAYOR

We understand that under the terms of your engagement letter with USAC that Grant Thornton LLP will cooperate with USAC with respect to USAC's quality assurance process. In that regard, Grant Thornton will provide USAC's quality assurance independent accounting firm (Cotton & Company LLP) access to our workpapers, reports and examination data. The Beneficiary authorizes Grant Thornton LLP to provide Cotton & Company LLP with this access.

To the best of our knowledge and belief there are no known noncompliance and no events or discovery of facts that have occurred subsequent to the examination date and through the date of this letter that may have affected the Beneficiary's compliance with the aforementioned requirements.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Viswanathan", is written over a horizontal line.

Karthik Viswanathan, IT Director and CIO
City of Somerville



USAC Management Response

Date January 12, 2009

Subject Federal Communications Commission, Office of Inspector General, Universal Service Fund (FCC OIG USF) Audit of the Schools & Libraries Program at Somerville School District.

USAC management has reviewed the FCC OIG USF Audit of the Somerville School District. Our response to the audit is as follows:

Finding Number: SL2007BE069 C01

Finding/Comment Narrative:

For services requested in Funding Year 2006, the Beneficiary submitted its FCC Form 471 referencing related FCC Form 470s from prior years. While a FCC Form 470 was completed for Funding Year 2006, the FCC Form 471 was simply inaccurately prepared in this regard.

Management Comment:

Going forward, the applicant should follow FCC Form 471 instructions to ensure compliance with FCC rules. Further guidance can also be found on USAC's website. USAC management concurs with the comment, effect and recommendation.

Finding Number: SL2007BE069 C02

Finding/Comment Narrative:

Somerville School District includes The Michael Capuno Early Childhood Center (Capuno Center). The Capuno Center serves both kindergarten and Pre-K students. The Capuno Center receives services and benefits from Universal Service Fund disbursements. No allocations were made to reduce amounts submitted for reimbursement for FCC Form 472s to Universal Service Administrative Company for the effect of the Pre-K students at the Capuno Center.

Management Comment:

The Capuno center is comprised of 63% ineligible Pre-K students. USAC will reach out to the Beneficiary to give it the opportunity to show Pre-K students did not use the services or that any use was nominal. Consistent with FCC Rules and Orders, USAC may seek recovery of funds based on the results of the outreach. USAC management concurs with the comment and recommendation.

This concludes the USAC management response to the audit.

EXHIBIT I

DECLARATION STATEMENT

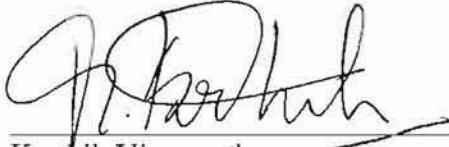
I, Karthik Viswanathan am the Director of Information Technology for the City of Somerville, Somerville, Massachusetts ("Somerville"). I have occupied the position from March, 2007 to the present. My responsibilities with Somerville included the oversight of the process of preparing and submitting documents for the Selective Review Process for the Schools and Libraries Division ("E-Rate Program") administered by the Universal Service Administrative Company ("USAC"), by and through Grant Thornton LLP for Funding Year 2006, as relates to Long Distance Learning by and through Achieve Telecom Network, Inc. ("Achieve").

2. Consistent with my responsibilities, I completed any and all necessary review and provided all necessary documentation on behalf of Somerville as relates to the selective review process. I disclosed the grant award from United States Distance Learning Association ("USDLA") in response to Item 10.4 of Attachment B, see Exhibit 1 as attached hereto and incorporated herein by reference.

3. In its "Report of Independent Certified Public Accountant", dated July 15, Grant Thornton LLP 2008, which conducted the selective review, concluded that Somerville complied with the requirements relative to disbursements of funds and its applications and service provider selections processes, see Exhibit 2 as attached hereto and incorporated herein by reference.

4. I also fully disclosed the USDLA grants in my September 19, 2008 response, see Exhibit 3 as attached hereto and incorporated herein by reference, to the September 8, 2008 letter of Jennifer Baumann, Special Compliance Reviewer, USAC SLD.


5. I declare under penalty of perjury that the foregoing is true and correct on this 12th day of March, 2009.



Karthik Viswanathan

Middlesex, ss.

On this ___ day of March, 2009, before me, the undersigned notary public, personally appeared Karthik Viswanathan, who is personally known to me to be the person whose name is signed on the preceding document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of his knowledge and belief.



Notary Public – Francis X. Wright, Jr.
My commission expires: June 18, 2015

ATTACHMENT B

DOCUMENTS DUE TO GRANT THORNTON UPON ARRIVAL, MAY 19, 2008

Somerville School District
Karthik Viswanathan
617-625-6600 Ext. 3260
kv@somervillema.gov

Document	Responsible Party	Date Requested	Date of 2nd Request	Date Received
For each FRN:				
1 FCC Form 470 (Description of Services Requested and Certification Form)		4/28/2008		
2 The FCC Form 471 (Services Ordered and Certification Form)		4/28/2008		
3 FCC Form 486 (Receipt of Service Confirmation Form)		4/28/2008		
4 If used for the selected FRN, Form 472 (Billed Entity Applicant Reimbursement Form, or "BEAR")		4/28/2008		
5 If applicable, BEAR Notification Letter		4/28/2008		
6 If used for the selected FRN, FCC Form 474 (Service Provider Invoice Form)		4/28/2008		
7 Form 500 (Extension of Service Form), if applicable		4/28/2008		
8 All documentation associated with above FCC Form(s) 471 and selected FRN(s) to include, but not all inclusive of, copies of service substitutions approval letters and notification letters to USAC related to equipment transfers		4/28/2008		
9 If applicable, proof of deposit (BEAR applicants) of USAC reimbursement funds from the Service Provider (deposit slips, bank statements).		4/28/2008		
10 In association with the above FCC Form 471's, copies of:		4/28/2008		
10.1 all RFPs,				
10.2 all bids received (both winning and losing),				
10.3 all documented correspondence (including documentation of informal communications) with potential / selected service providers (i.e. competitive bidding, service issues, etc.),				
10.4 all contracts,				
10.5 documentation verifying the date of receipt of equipment / services,				
10.6 all invoices and supporting documentation for the above FRNs, and				
10.7 copies of cancelled checks (front and back) validating payment to the Service Provider				
10.8 Detailed Enrollment Report that supports the Summary Enrollment Report				
10.9 Detailed NSLP Report that supports the Summary NSLP Report				
11 Policies and meeting notices regarding the application and procurement process.		4/28/2008		
12 Copies of local and state procurement regulations applicable to the Beneficiary (if different from SLD policy) as they relate to contracting for the purchases of internal connections, telephone service and Internet access		4/28/2008		
13 Copy of all Board of Education minutes for the Funding Year(s) under review and six months prior (i.e., to identify discussions of E-Rate related activity). Copy of all Board resolutions for each awarded E-Rate contract.		4/28/2008		
14 Copy of relevant meeting minutes where the E-Rate program was an agenda item.		4/28/2008		
15 Copies of technology protection measure (i.e. Internet filter) contracts and invoices for the Funding Year(s) under review, if applicable.		4/28/2008		

Exhibit 2

Report of Independent Certified Public Accountants

Somerville School District

SL-2007-069

As of June 30, 2007



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Audit • Tax • Advisory

Grant Thornton LLP
201 S College Street, Suite 2500
Charlotte, NC 28244-0100

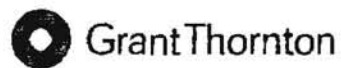
T 704.632.3500
F 704.334.7701
www.GrantThornton.com

Somerville School District
Universal Service Administrative Company
Federal Communications Commission:

We have examined management's assertions, included in the accompanying Report of Management on Compliance with Applicable Requirements of Title 47 of the Code of Federal Regulations Part 54 of the Federal Communications Commission's Rules and Regulations and Related Orders, that Somerville School District (Beneficiary or Somerville School District) (Beneficiary Number 120536) complied with the Federal Communications Commission's (FCC) Title 47 of the Code of Federal Regulations (C.F.R.) Part 54 Rules and Regulations, as amended, and related FCC Orders identified in the accompanying Attachment I related to disbursements of \$355,379 for telecommunication and Internet access services made from the Universal Service Fund during the fiscal year ended June 30, 2007, and relative to its applications and service provider selection processes for Funding Year 2006. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Somerville School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and, accordingly, included examining, on a test basis, evidence about Somerville School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Somerville School District's compliance with specified requirements.

→ In our opinion, management's assertions that Somerville School District complied with the aforementioned requirements relative to disbursements of \$355,379 for telecommunication and Internet access services made from the Universal Service Fund during the fiscal year ended June 30, 2007, and relative to its applications and service provider selection processes for Funding Year 2006 are fairly stated, in all material respects, based on the criteria set forth in Attachment I.



In accordance with *Government Auditing Standards*, we also noted certain immaterial instances of noncompliance or other internal control matters that we have reported to the management of Somerville School District, the Universal Service Administrative Company and the Federal Communications Commission in a separate letter dated July 15, 2008. This communication is intended solely for the information and use of Somerville School District's management, the Universal Service Administrative Company and the Federal Communications Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Grant Thornton LLP

Charlotte, North Carolina
July 15, 2008

Exhibit 3



**CITY OF SOMERVILLE, MASSACHUSETTS
INFORMATION TECHNOLOGY
JOSEPH A. CURTATONE
MAYOR**

Karthik Viswanathan
Chief Information Officer
City of Somerville
V: 617-625-6600 X 3260
F: 617-628-7275
E: kv@somervillema.gov

September 19, 2008

Jennifer Baumann
Special Compliance Reviewer
USAC, Schools and Libraries Division
Phone: 973.581.6726
Fax: 973.599.6552
E-mail: jbaumann@sl.universalservice.org

RE: United States Distance Learning Association (USDLA) grants

Dear Ms. Baumann,

All the Somerville School District personnel involved in the original agreement are no longer employed here. Based on the information I have been able to gather, it is my understanding that the Somerville School District had relied on the grants made available through United States Distance Learning Association (USDLA) for FY 2004, 2005 and 2006. I have attached a copy of the grant letter with this memo.

Additionally, we have been awarded a grant for FY 2008 in the amount of \$77,490. Somerville School District will rely on United States Distance Learning Association (USDLA) grants to pay the non discount share in FY 2008 if the corresponding 471 is approved by USAC. I have also included a copy of this grant award letter for your perusal.

Please feel free to contact me if you have any further questions

Sincerely,

A handwritten signature in dark ink, appearing to read "Karthik Viswanathan".

Karthik Viswanathan
CIO, City of Somerville

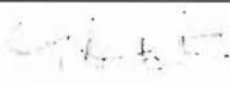


CITY OF SOMERVILLE, MASSACHUSETTS
INFORMATION TECHNOLOGY
JOSEPH A. CURTATONE
MAYOR

SPECIAL COMPLIANCE REVIEW CERTIFICATION

I certify that I am authorized to make the representations set forth in the responses to the Special Compliance Review inquiry on behalf of **Somerville School District**, the entity represented on and responding to the Special Compliance Review inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the Special Compliance Review inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C § 1001 and civil violations of the False Claims Act.

I declare under penalty of perjury that the foregoing is true and correct. Executed on 19 day of September, 2008 at Somerville [city], Massachusetts [state].

		Date <u>09/19/2008</u>
Signature		
Print Name <u>Karthik Viswanathan</u>	Title <u>Chief Information Officer</u>	
Employer <u>City of Somerville</u>		
Telephone Number <u>617-625-6600 Ext. 3260</u>	Fax Number <u>617-628-7275</u>	
Email Address <u>kv@somervillema.gov</u>		
Address <u>93 Highland Avenue</u> <u>Somerville, MA 02143</u>		